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Agenda item 128

Financial reports and audited financial statements, and reports of the Board of Auditors

Report of the Fifth Committee

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I. Introduction

1. At its 2nd plenary meeting, on 21 September 2012, the General Assembly, on the recommendation of the General Committee, decided to include in the agenda of its sixty-seventh session, and to allocate to the Fifth Committee, the item entitled:

> "Financial reports and audited financial statements, and reports of the Board of Auditors:
>
> "(a) United Nations;
>
> "(b) United Nations peacekeeping operations;
>
> "(c) International Trade Centre;
>
> "(d) United Nations University;
>
> "(e) Capital master plan;
>
> "(f) United Nations Development Programme;
>
> "(g) United Nations Children's Fund;
>
> "(h) United Nations Relief and Works Agency for Palestine Refugees in the Near East;
>
> "(i) United Nations Institute for Training and Research;
>
> "(j) Voluntary funds administered by the United Nations High Commissioner for Refugees;
>
> "(k) Fund of the United Nations Environment Programme;
>
> "(l) United Nations Population Fund;

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"(m) United Nations Human Settlements Programme;

"(n) United Nations Office on Drugs and Crime;

"(o) United Nations Office for Project Services;

"(p) International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994;

"(q) International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991;

"(r) United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)."

2. The Fifth Committee considered the item at its 7th and 22nd meetings, on 12 October and 24 December 2012. Statements and observations made in the course of the Committee's consideration of the item are reflected in the relevant summary records (A/C.5/67/SR.7 and 22).

3. For its consideration of the item, the Fifth Committee had before it the following documents:

(a) For the period ended 31 December 2011, the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors on the United Nations (A/67/5 (Vol. I) and Corr.1 and 2), the International Trade Centre (A/67/5 (Vol. III)), the United Nations University (A/67/5 (Vol. IV)), the United Nations Development Programme (A/67/5/Add.1), the United Nations Children's Fund (A/67/5/Add.2), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (A/67/5/Add.3), the United Nations Institute for Training and Research (A/67/5/Add.4), the voluntary funds administered by the United Nations High Commissioner for Refugees (A/67/5/Add.5), the Fund of the United Nations Environment Programme (A/67/5/Add.6 and Corr.1), the United Nations Population Fund (A/67/5/Add.7), the United Nations Human Settlements Programme (A/67/5/Add.8 and Corr.1), the United Nations Office on Drugs and Crime (A/67/5/Add.9 and Corr.1), the United Nations Office for Project Services (A/67/5/Add.10), the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (A/67/5/Add.11), the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991 (A/67/5/Add.12), and the United Nations Entity for Gender Equality and the Empowerment of Women (A/67/5/Add.13 and Corr.1);

(b) Reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2011 (A/67/319, sects. I and II) and on the implementation of the recommendations of the Board of Auditors contained

in its reports on the United Nations funds and programmes for the financial period ended 31 December 2011 (A/67/319/Add.1);

(c) Related report of the Advisory Committee on Administrative and Budgetary Questions (A/67/381);

(d) Note by the Secretary-General transmitting the concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors for the biennium 2010-2011 (A/67/173).

4. At the 7th meeting, on 12 October, the Chair of the Audit Operations Committee of the Board of Auditors introduced the reports of the Board (see A/C.5/67/SR.7).

II. Consideration of draft resolution A/C.5/67/L.8

5. At its 22nd meeting, on 24 December, the Committee had before it a draft resolution entitled "Financial reports and audited financial statements, and reports of the Board of Auditors" (A/C.5/67/L.8), submitted by the Chair of the Committee on the basis of informal consultations coordinated by the representative of Egypt.

6. At the same meeting, the Committee adopted draft resolution A/C.5/67/L.8 without a vote (see para. 7).

III. Recommendation of the Fifth Committee

7. The Fifth Committee recommends to the General Assembly the adoption of the following draft resolution:

Financial reports and audited financial statements, and reports of the Board of Auditors

The General Assembly,

Recalling its resolution 52/212 B of 31 March 1998 and its decision 57/573 of 20 December 2002,

Recalling also its resolutions 65/243 A and B of 24 December 2010 and 30 June 2011 and 66/232 A and B of 24 December 2011 and 21 June 2012,

Recalling further its resolutions 55/231 of 23 December 2000, 56/253 of 24 December 2001, 57/290 B of 18 June 2003, 59/296 of 22 June 2005, 60/257 of 8 May 2006, 61/245 of 22 December 2006, 63/276 of 7 April 2009, 64/259 of 29 March 2010 and 66/257 of 9 April 2012,

Having considered, for the period ended 31 December 2011, the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors on the United Nations,[1] the International Trade Centre,[2] the United Nations University,[3] the United Nations Development Programme,[4] the United Nations Children's Fund,[5] the United Nations Relief and Works Agency for Palestine Refugees in the Near East,[6] the United Nations Institute for Training and Research,[7] the voluntary funds administered by the United Nations High Commissioner for Refugees,[8] the Fund of the United Nations Environment Programme,[9] the United Nations Population Fund,[10] the United Nations Human Settlements Programme,[11] the United Nations Office on Drugs and Crime,[12] the United Nations Office for Project Services,[13] the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994,[14] the International Tribunal for the Prosecution of Persons Responsible for Serious

[1] *Official Records of the General Assembly, Sixty-seventh Session, Supplement No. 5*, vol. I and corrigenda (A/67/5 (Vol. I) and Corr.1 and 2).
[2] Ibid., vol. III (A/67/5 (Vol. III)).
[3] Ibid., vol. IV (A/67/5 (Vol. IV)).
[4] Ibid., *Supplement No. 5A* (A/67/5/Add.1).
[5] Ibid., *Supplement No. 5B* (A/67/5/Add.2).
[6] Ibid., *Supplement No. 5C* (A/67/5/Add.3).
[7] Ibid., *Supplement No. 5D* (A/67/5/Add.4).
[8] Ibid., *Supplement No. 5E* (A/67/5/Add.5).
[9] Ibid., *Supplement No. 5F* and corrigendum (A/67/5/Add.6 and Corr.1).
[10] Ibid., *Supplement No. 5G* (A/67/5/Add.7).
[11] Ibid., *Supplement No. 5H* and corrigendum (A/67/5/Add.8 and Corr.1).
[12] Ibid., *Supplement No. 5I* and corrigendum (A/67/5/Add.9 and Corr.1).
[13] Ibid., *Supplement No. 5J* (A/67/5/Add.10).
[14] Ibid., *Supplement No. 5K* (A/67/5/Add.11).

Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991[15] and the United Nations Entity for Gender Equality and the Empowerment of Women,[16] the note by the Secretary-General transmitting the concise summary of the principal findings and conclusions contained in the reports of the Board of Auditors,[17] the reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations for the biennium ended 31 December 2011[18] and on the implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the financial period ended 31 December 2011[19] and the report of the Advisory Committee on Administrative and Budgetary Questions,[20]

1. *Accepts* the financial reports and audited financial statements and the reports and audit opinions of the Board of Auditors for the above-mentioned organizations;[1-16]

2. *Approves* the recommendations and conclusions contained in the reports of the Board of Auditors;

3. *Endorses* the observations and recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions,[20] subject to the provisions of the present resolution;

4. *Reaffirms* that the Board of Auditors shall be completely independent and solely responsible for the conduct of audits;

5. *Decides* to consider further the reports of the Board of Auditors on the International Criminal Tribunal for Rwanda[14] and the International Tribunal for the Former Yugoslavia[15] under the respective agenda items relating to the Tribunals;

6. *Commends* the Board of Auditors for the continued high quality of its reports, in particular with respect to its comments on the management of resources and improving the presentation of financial statements;

7. *Takes note* of the reports of the Secretary-General on the implementation of the recommendations of the Board of Auditors;[18,19]

8. *Reiterates its request* to the Secretary-General and the executive heads of the funds and programmes of the United Nations to ensure full implementation of the recommendations of the Board of Auditors and the related recommendations of the Advisory Committee on Administrative and Budgetary Questions in a prompt and timely manner, to continue to hold programme managers accountable for the non-implementation of recommendations and to effectively address the root causes of the problems highlighted by the Board;

9. *Also reiterates its request* to the Secretary-General to provide in his reports on the implementation of the recommendations of the Board of Auditors a full explanation for the delays in the implementation of the recommendations of the

[15] Ibid., *Supplement No. 5L* (A/67/5/Add.12).
[16] Ibid., *Supplement No. 5M* and corrigendum (A/67/5/Add.13 and Corr.1).
[17] A/67/173.
[18] A/67/319, sects. I and II.
[19] A/67/319/Add.1.
[20] A/67/381.

Board, in particular those recommendations not yet fully implemented that are two or more years old;

10. *Further reiterates its request* to the Secretary-General to indicate in future reports an expected time frame for the implementation of the recommendations of the Board of Auditors, as well as the priorities for their implementation and the office holders to be held accountable;

11. *Notes with deep concern* the recurrence of systemic problems previously identified by the Board of Auditors related to accounting for expendable and non-expendable property, cash fund management, procurement and contract management, and in this regard stresses the need for the implementation of the recommendations of the Board of Auditors as a matter of priority;

12. *Recalls* paragraphs 45 and 46 of the report of the Advisory Committee on Administrative and Budgetary Questions,[20] requests the United Nations entities concerned to take all adequate measures to address the issues raised therein, and requests the Advisory Committee to request the Board to report thereon at its sixty-eighth session;

13. *Notes with concern* that the Board of Auditors identified in the financial statements of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for the biennium ended 31 December 2011 one "other matter" relating to the impact of low levels of funding and cash on the internal control of the Agency, and requests the Secretary-General to ensure the expeditious implementation of the recommendations of the Board;

14. *Also notes with concern* that the Board of Auditors identified in the financial statements of the United Nations Entity for Gender Equality and the Empowerment of Women for the biennium ended 31 December 2011 one "emphasis of matter", namely that the internal control system of the Entity for oversight of operations, projects and programmes had not fully matured during the year to ensure consistent application throughout the Entity's operation, and one "other matter", on the transfer of assets and liabilities to the Entity at different dates, and requests the Secretary-General to ensure the expeditious implementation of the recommendations of the Board;

15. *Notes with appreciation* the reports and recommendations of the Board of Auditors on major business transformation projects of the United Nations;

16. *Recalls* paragraphs 21 to 27 of the report of the Advisory Committee on Administrative and Budgetary Questions,[20] and urges the Secretary-General to implement, as a matter of priority, all the related recommendations of both the Board of Auditors and the Advisory Committee;

17. *Also recalls* the recommendations of the Board of Auditors on major business transformation projects, as mentioned in paragraphs 21 to 26 of the report of the Advisory Committee on Administrative and Budgetary Questions, and encourages the Secretary-General to take into account these recommendations when preparing future initiatives of comparable size and complexity, including initiatives relating to institutional restructuring;

18. *Notes with concern* that the successful implementation of the International Public Sector Accounting Standards at the United Nations, the peacekeeping operations, the United Nations University and the United Nations

Entity for Gender Equality and the Empowerment of Women remain at high risk, and requests the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination, to invite all the heads of the United Nations entities to take the appropriate measures to mitigate these risks and to report thereon at its sixty-eighth session;

19. *Stresses* that results-based management is a central management tool for improving performance and ensuring the achievement of the expected results based on mandates provided by Member States;

20. *Also stresses* that the effective implementation of results-based management requires the Organization to create a sustained focus on results and therefore sustained and focused engagement by senior management, and in this regard encourages the Secretary-General to assign a senior manager with responsibility for implementing results-based management;

21. *Regrets* the significant deficiencies found by the Board of Auditors in the implementation of results-based budgeting in the United Nations, and in this regard urges the Secretary-General to address those deficiencies as a matter of priority;

22. *Reaffirms* its resolution 62/224 of 22 December 2007.